MIAMI BAYSIDE FOUNDATION, INC.

FINANCIAL STATEMENTS,
INDEPENDENT AUDITOR'S REPORT AND
SUPPLEMENTARY INFORMATION

FOR THE YEARS ENDED
DECEMBER 31, 2021 AND 2020

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Miami Bayside Foundation, Inc.
Miami, Florida

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Miami Bayside Foundation, Inc., (the "Foundation") (a non-profit organization) which comprise the statements of financial position as of December 31, 2021 and 2020, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Miami Bayside Foundation, Inc., as of December 31, 2021 and 2020, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Foundation and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Foundation's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Foundation's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Foundation's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards and state financial assistance, as required by Chapter 10.650, *Rules of the Auditor General of the State of Florida*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards and state financial assistance is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 9, 2022 on our consideration of the Foundation's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal controls over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Foundation's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Foundation's internal control over financial reporting and compliance.

Verdeja, De Armas, & Trujillo LLP

CERTIFIED PUBLIC ACCOUNTANTS

Coral Gables, Florida
February 9, 2022

MIAMI BAYSIDE FOUNDATION, INC.
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2021 AND 2020

ASSETS

	2021	2020
CURRENT ASSETS		
Cash and cash equivalents	$ 600,285	$ 686,835
Investments, $77,702 and $174,710, with donor restrictions	2,619,759	1,987,804
Loan receivables, current portion	1,231,199	884,102
Pledge receivables, current portion	25,000	-
TOTAL CURRENT ASSETS	4,476,243	3,558,741
LOAN RECEIVABLES, long-term portion, net	4,036,735	3,383,179
PLEDGE RECEIVABLES, long-term portion, net	333,823	-
PROPERTY AND EQUIPMENT, net	3,543	2,802
OTHER ASSETS	868	2,434
TOTAL ASSETS	$ 8,851,212	$ 6,947,156

LIABILITIES AND NET ASSETS

	2021	2020
CURRENT LIABILITIES		
Accounts payable and accrued expenses	$ 15,433	$ 4,335
Deferred revenue	412,000	-
Notes payable, current portion	717,927	771,855
TOTAL CURRENT LIABILITIES	1,145,360	776,190
Notes Payable, long-term portion	2,784,098	1,969,307
Payroll protection program loan	-	64,500
TOTAL LIABILITIES	3,929,458	2,809,997
NET ASSETS		
Net assets without donor restrictions	4,463,229	3,962,449
Net assets with donor restrictions	458,525	174,710
TOTAL NET ASSETS	4,921,754	4,137,159
TOTAL LIABILITIES AND NET ASSETS	$ 8,851,212	$ 6,947,156

The accompanying notes are an integral part of these financial statements.

MIAMI BAYSIDE FOUNDATION, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2021

	2021		
	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE			
Contributions	$ 462,381	$ 383,823	$ 846,204
Federal, state and local grants	208,403	338,000	546,403
Investment income and realized gains	202,614	-	202,614
Interest and other income	374,214	-	374,214
Net assets released from restrictions	438,008	(438,008)	-
TOTAL SUPPORT AND REVENUE	1,685,620	283,815	1,969,435
EXPENSES			
Program services	1,142,729	-	1,142,729
Supporting services	76,865	-	76,865
TOTAL EXPENSES	1,219,594	-	1,219,594
CHANGE IN NET ASSETS BEFORE UNREALIZED GAIN	466,026	283,815	749,841
UNREALIZED GAIN	34,754	-	34,754
CHANGE IN NET ASSETS	500,780	283,815	784,595
Net assets, beginning of year	3,962,449	174,710	4,137,159
Net assets, end of year	$ 4,463,229	$ 458,525	$ 4,921,754

The accompanying notes are an integral part of these financial statements.

MIAMI BAYSIDE FOUNDATION, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2020

	2020		
	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE			
Contributions	$ 1,040,736	$ -	$ 1,040,736
Federal grants	136,388	400,000	536,388
Investment income and realized gains	109,227	-	109,227
Interest and other income	216,226	-	216,226
Net assets released from restrictions	694,708	(694,708)	-
TOTAL SUPPORT AND REVENUE	2,197,285	(294,708)	1,902,577
EXPENSES			
Program services	1,175,352	-	1,175,352
Supporting services	151,941	-	151,941
TOTAL EXPENSES	1,327,293	-	1,327,293
CHANGE IN NET ASSETS BEFORE UNREALIZED GAIN	869,992	(294,708)	575,284
UNREALIZED GAIN	12,679	-	12,679
CHANGE IN NET ASSETS	882,671	(294,708)	587,963
Net assets, beginning of year	3,079,778	469,418	3,549,196
Net assets, end of year	$ 3,962,449	$ 174,710	$ 4,137,159

The accompanying notes are an integral part of these financial statements.

MIAMI BAYSIDE FOUNDATION, INC.
SCHEDULE OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2021

	Program Services	General & Administrative	Fundraising	Total
Awards and grants	$ 407,903	$ -	$ -	$ 407,903
Salaries	346,375	38,486	-	384,861
Payroll taxes	27,564	3,063	-	30,627
Bad debt	77,000	-	-	77,000
Contract services	131,454	10,658	-	142,112
Facilities and equipment	10,349	2,587	-	12,936
Management fees	-	5,304	-	5,304
Fundraising	-	-	36	36
Business fee registration	-	984	-	984
Marketing, public relations and advertisin;	34,918	3,880	-	38,798
Operations	23,668	4,177	-	27,845
Travel and meetings	-	-	-	-
Microloan	-	-	-	-
Technical Assistance/Workshops	39,923	-	-	39,923
Other expenses	43,575	7,690	-	51,265
TOTAL FUNCTIONAL EXPENSES	$ 1,142,729	$ 76,829	$ 36	$ 1,219,594

The accompanying notes are an integral part of these financial statements.

MIAMI BAYSIDE FOUNDATION, INC.
SCHEDULE OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2020

	Program Services	General & Administrative	Fundraising	Total
Awards and grants	$ 510,781	$ -	$ -	$ 510,781
Salaries	234,532	27,592	13,796	275,920
Payroll taxes	18,729	2,203	1,102	22,034
Bad debt	70,000	-	-	70,000
Business expense	-	-	-	-
Contract services	171,008	35,452	-	206,460
Facilities and equipment	11,508	2,158	719	14,385
Management fees	-	4,659	-	4,659
Fundraising	-	-	42,035	42,035
Business fee registration	-	1,118	-	1,118
Marketing, public relations and advertisin	7,771	-	1,943	9,713
Operations	20,362	3,818	1,273	25,453
Travel and meetings	834	2,503	-	3,338
Microloan	-	-	-	-
Technical Assistance/Workshops	87,631	-	-	87,631
Other expenses	42,196	11,571	-	53,768
TOTAL FUNCTIONAL EXPENSES	$ 1,175,352	$ 91,073	$ 60,868	$ 1,327,293

The accompanying notes are an integral part of these financial statements.

MIAMI BAYSIDE FOUNDATION, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2021 AND DECEMBER 31, 2020

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	$ 784,595	$ 587,963
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	617	616
Bad debt expense	77,000	70,000
Forgiveness of paycheck protection loan	(64,500)	-
Realized and unrealized loss (gains) on investments	(200,979)	81,745
(Increase) Decrease in operating assets:		
Pledge receivable	(358,823)	-
Other assets	1,566	24,405
Increase (Decrease) in operating liabilities:		
Accrued expenses	11,098	(962)
Deferred revenue	412,000	-
Total adjustments	(122,021)	175,804
NET CASH PROVIDED BY OPERATING ACTIVITIES	662,574	763,767
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of property and equipment	(1,358)	(2,802)
Net purchases of investments	(430,976)	(48,811)
Proceeds from loan principal payments	1,297,583	727,297
Loan disbursements	(2,375,236)	(2,135,094)
NET CASH USED IN INVESTING ACTIVITIES	(1,509,987)	(1,459,410)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from notes payable	1,676,227	1,546,106
Principal payments on notes payable	(915,364)	(690,111)
NET CASH PROVIDED BY FINANCING ACTIVITIES	760,863	855,995
Net (decrease) increase in cash and cash equivalents	(86,550)	160,352
Cash and cash equivalents, beginning of year	686,835	526,483
Cash and cash equivalents, end of year	$ 600,285	$ 686,835
SUPPLEMENTARY INFORMATION:		
Interest paid	$ 52,620	$ 32,787

The accompanying notes are an integral part of these financial statements.

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES AND OPERATIONS

Nature of Organization

Miami Bayside Foundation (the "Foundation") is a not-for-profit organization designed to advance economic development in Miami through the support of minority businesses and education. The Foundation seeks to do this through the creation and administration of loan programs for minority businesses, through the creation of programs and educational scholarships for minorities, and by providing technical assistance to minority businesses.

Basis of Accounting and Presentation

The financial statements have been prepared on the accrual basis of accounting and in accordance with the Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC"). The Foundation is required to report information regarding its financial position and activities according to two classes of net assets based on the existence or absence of donor-imposed restrictions on the use of the net assets. The two net asset categories are as follows:

<u>Net Assets Without Donor Restrictions</u>

The portion of the net assets of the Foundation that can be used subject to the broad limits resulting from the nature of the Foundation, the environment in which it operates, and the purposes specified in its articles of incorporation or bylaws. In some cases, the use of these resources is also subject to limits resulting from contractual agreements with suppliers, creditors, and others entered into by the Foundation in the normal course of business. The Foundation has the greatest ability to choose when using these resources. Net assets without donor restrictions generally result from contributions that are not subject to donor-imposed restrictions.

<u>Net Assets With Donor Restrictions</u>

The portion of net assets of the Foundation that is subject to either donor-imposed time restrictions or donor-imposed purpose restrictions. These restrictions limit the Foundation's choices when using these resources because the Foundation has a fiduciary responsibility to its donors to follow the donors instructions. Net assets with donor restrictions generally result from donor-restricted contributions. There are $458,525 and $174,710 in net assets with donor restrictions as of December 31, 2021 and 2020, respectively.

Cash and Cash Equivalents

Cash and cash equivalents include short-term, highly liquid investments with original maturities of 90 days or less.

Contributions

The Foundation follows the provisions of an accounting standard where contributions are recognized when the donor makes a promise to give the Foundation that is, in substance, unconditional. All other donor-restricted contributions are reported as increases in net assets with donor restrictions depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are transferred to net assets without donor restrictions.

Investments

The Foundation reports its investments under an accounting standard where a not-for-profit organization is required to report investments in equity securities with readily determinable fair values and all investments in debt securities at fair value, with realized and unrealized gains and losses included in the statements of activities. The fair value of marketable securities is determined by quoted market prices.

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES AND OPERATIONS (Continued)

Loans Receivable

Loans receivable consist of regular loans and micro loans to local minority businesses. Regular loans consist of loans from $10,000 to $150,000, which are secured by real property. Micro loans consist of loans from $2,500 to $10,000, which are generally unsecured. Interest income is recognized over the life of the receivables and is determined using the effective interest method. On a periodic basis, the Foundation evaluates its receivables and adjusts the allowance for loan losses, when deemed necessary, based on a historic review of collections and current credit conditions.

Loans receivable that management has the intent and ability to hold for the foreseeable future or until maturity or pay-off are stated at the amount of unpaid principal, reduced by an allowance for loan losses. The allowance for loan losses is established through a provision for losses charged to expense. Loans are charged against the allowance for loan losses when management believes that collectability of the principal is unlikely. Subsequent recoveries of prior year charges against the allowance, if any, are recorded as revenue in the period received.

The allowance is an amount that management believes will be adequate to absorb estimated losses on existing loans, based on an evaluation of the collectability of loans and prior loss experience. This evaluation also takes into consideration such factors as changes in the nature and volume of the loan portfolio, overall portfolio quality, and review of specific problem loans, and current economic conditions that may affect the borrower's ability to pay. While management uses the best information available to make its evaluation, future adjustments to the allowance may be necessary if there are significant changes in economic conditions. The Foundation has allowances of $186,195 and $110,654 as of December 31, 2021 and 2020.

Once a loan is delinquent more than six months, the Foundation no longer recognizes interest income on the loan balance. Any payments received on loans previously written off are recorded as loan loss recoveries.

Pledges Receivables, net

Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discounts on those amounts are computed using risk-free interest rates to the years in which the promises are received. Amortization of the discounts is included in the contributions revenue. Conditional promises to give are not recorded as revenue until the donor's conditions are substantially met. No allowance was deemed necessary for pledges receivables as they were deemed fully collectible by management.

Restricted Contributions Whose Restrictions Are Met in the Same Reporting Period

Donor restricted contributions whose restrictions are met in the same reporting period are reported as without donor restrictions.

Grant Revenue

Grant revenue is derived from federal, state or local contracts and grants, which are conditioned upon certain performance requirements and/ or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when the Foundation has incurred expenditures or performed their obligations in compliance with specific contract or grant provisions. Amounts received prior to being incurred are reported as deferred revenue in the statement of financial position. The Foundation had deferred revenue of $412,000 and $0 as of December 31, 2021 or 2020.

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES AND OPERATIONS (Continued)

Income Taxes

The Foundation is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for federal or state income taxes has been made in the accompanying financial statements.

The Foundation recognizes and measures tax positions taken or expected to be taken in its tax return based on their technical merit and assesses the likelihood that the positions will be sustained upon examination based on the facts, circumstances and information available at the end of each period. Interest and penalties on tax liabilities, if any, would be recorded in interest expense and other non-interest expense, respectively.

The U.S. Federal jurisdiction and Florida are the major tax jurisdictions where the Foundation files tax returns. The Foundation is generally no longer subject to U.S. Federal or State examinations by tax authorities for years before 2018.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Concentrations of Credit Risk

Although cash balances may exceed federally insured limits at times during the year, the Foundation has not experienced and does not expect to incur any losses in such accounts.

Adopted Accounting Pronouncements

The Foundation has adopted Accounting Standards Update ("ASU") No. 2018-08, *Not-for-Profit Entities: Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made,* as management believes the standard improves the usefulness and understandability of the Foundation's financial reporting. The new standard clarifies and improves guidance about whether a transfer of assets is a contribution or an exchange transaction, as well as clarifying how an entity determines whether a resource provider is participating in an exchange transaction by evaluating whether the resource provider is receiving commensurate value in return for the resources transferred.

In May 2014, the FASB issued ASU No. 2014-09, *Revenue from Contracts with Customers*, which supersedes nearly all existing revenue recognition guidance under U.S. GAAP. The core principle of ASU 2014-09 is to recognize revenues when promised goods or services are transferred to customers in an amount that reflects the consideration to which an entity expects to be entitled for those goods or services. ASU 2014-09 defines a five-step process to achieve this core principle and, in doing so, more judgment and estimates may be required within the revenue recognition process than are required under existing U.S. GAAP.

The update was implemented by the Foundation beginning January 1, 2020. The adoption of this standard did not have a material effect on the Foundation's financial statements. The Foundation transitioned to ASU No. 2014-09 in accordance with the modified retrospective approach. The prior year figures were not adjusted.

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES AND OPERATIONS (Continued)

New Accounting Pronouncements – To Be Adopted

In February 2016, the FASB issued ASU 2016-02, *Leases* (Topic 842). This ASU requires a lessee to record, for all leases with a lease term of more than 12 months, an asset representing its right to use the underlying asset for the lease term and a liability to make lease payments. For leases with a lease term of 12 months or less, a practical expedient is available whereby a lessee may elect, by class of underlying asset, not to recognize a right-of-use asset or lease liability. A lessee making this accounting policy election would recognize lease expense over the term of the lease, generally in a straight-line pattern. In June 2020, FASB issued ASU 2020-05 *Revenue from Contracts with Customers* (Topic 606) and *Leases* (Topic 842): Effective Dates for Certain Entities that allows entities to elect to postpone adoption until fiscal years beginning after December 15, 2021. Management has elected this deferral and is currently evaluating the impact of this ASU on its financial statements.

In September 2020, the FASB issued ASU 2020-07, Not-for-profit Entities (Topic 958*) Presentation Disclosures by Not-for-profit Entities for Contributed Nonfinancial Assets*, requiring an entity to present contributed financial assets as a separate line item on the statement of activities, apart from contributions of cash and other financial assets. ASU 2020-07 includes additional disclosure requirements about contributed nonfinancial assets for not-for-profit entities, including additional disclosure requirements for recognized contributed services. The standard will be applied on a retrospective basis and will be effective for the year end December 31, 2022. The Foundation does not expect the new standard will impact its financial statements other than additional disclosures.

Subsequent Events

The Foundation has evaluated subsequent events through February 9, 2022, which is the date the financial statements were available to be issued.

NOTE 2 – INVESTMENT SECURITIES

Investment securities at December 31, 2021 and 2020 were as follows:

	2021	**2020**
Money funds	$ 29,130	$ 43,136
Equity securities	1,167,727	910,443
Fixed income	1,369,113	971,527
Real estate & intangibles	53,789	62,698
	$ 2,619,759	$ 1,987,804

NOTE 2 – INVESTMENT SECURITIES (Continued)
The Foundation's investment income, including income earned on cash deposits, consisted of the following for the years ended December 31, 2021 and 2020:

	2021	2020
Net realized (losses) gains	$ 166,225	$ 69,065
Net unrealized gains (losses)	34,754	12,679
Interest and dividends	36,389	40,162
	$ 237,368	$ 121,906

For the years ended December 31, 2021 and 2020, investment fees were $5,304 and $4,659, respectively. These amounts were included in the schedules of functional expenses under the caption "Management Fees".

NOTE 3 – FAIR VALUE MEASUREMENTS
The FASB established a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs of valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

The three levels of the fair value hierarchy are described as follows:

Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Foundation has the ability to access.

Level 2 Inputs to the valuation methodology include:

- quoted prices for similar assets or liabilities in active markets;
- quoted prices for identical or similar assets or liabilities in inactive markets;
- inputs other than quoted prices that are observable for the asset or liability; inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

Items Measured at Fair Value on a Recurring Basis
The asset's or liability's fair measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a depreciation of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at December 31, 2021.

NOTE 3 – FAIR VALUE MEASUREMENTS (Continued)

Items Measured at Fair Value on a Recurring Basis (Continued)

The Equity Portfolio consists of equity securities and mutual funds managed primarily through investments held by independent investment advisors with discretionary investment authority. Equity securities consist primarily of common stocks. Equity Portfolio investments are valued at the closing price reported in the active market in which the individual securities are traded.

The Fixed Income Portfolio consists of investments in securities issued by the U.S. Treasury and corporate bonds through independent investment advisors. Those investments are valued at the closing price reported in the active market in which the individual securities are traded.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although The Foundation believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following table represents the Foundation's financial instruments measured at fair value on a recurring basis at December 31, 2021 for each of the fair value hierarchy levels:

		Fair Value Measurement at December 31, 2021		
Description	12/31/2021	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Other Unobservable Inputs (Level 3)
Assets:				
Investment Securities:				
Money funds	$ 29,130	$ 29,130	$ -	$ -
Equity	1,167,727	1,167,727	-	-
Fixed income	1,369,113	1,369,113	-	-
Real estate & Intangibles	53,789	53,789	-	-
Total investment securities	$ 2,619,759	$ 2,619,759	$ -	$ -

NOTE 3 – FAIR VALUE MEASUREMENTS (Continued)

Items Measured at Fair Value on a Recurring Basis (Continued)

The following table represents the Foundation's financial instruments measured at fair value on a recurring basis at December 31, 2020 for each of the fair value hierarchy levels:

		Fair Value Measurement at December 31, 2020		
Description	12/31/2020	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Other Unobservable Inputs (Level 3)
Assets:				
Investment Securities:				
Money funds	$ 43,136	$ 43,136	$ -	$ -
Equity	910,443	910,443	-	-
Fixed income	971,527	971,527	-	-
Real estate & Intangibles	62,698	62,698	-	-
Total investment securities	$ 1,987,804	$ 1,987,804	$ -	$ -

NOTE 4 – NET ASSETS WITH DONOR RESTRICTIONS

These net assets are restricted for specific purposes or until specific events occur. Net assets are restricted to the following purposes or time periods as of December 31:

	2021	2020
Willy Gort	$ 77,702	$ 164,710
CDFI	-	10,000
Miami Produce	380,823	-
	$ 458,525	$ 174,710

Net assets with restrictions consist of the following assets as of December 31, 2021 and 2020:

	2021	2020
Investments	$ 77,702	$ 174,710
Cash- MP	22,000	-
Pledge receivable, net	358,823	-
	$ 458,525	$ 174,710

NOTE 5 – LOANS RECEIVABLE

Loans receivable consists of loans disbursed under the Loan Programs offered by the Foundation. Loans are secured loans for a maximum of $150,000 given to minority-owned small businesses for 5 year terms at 6% interest and collateralized by corporate assets.

NOTE 5 – LOANS RECEIVABLE (Continued)

December 31, 2021	**Loans Receivable**	**Allowance for Loan Losses**	**Net Receivable**
Loans	$ 5,454,129	$ 186,195	$ 5,267,934
Micro Loans	-	-	-
	5,454,129	186,195	5,267,934
Less, current portion	1,231,199	-	1,231,199
Loans receivable, net of current portion	$ 4,222,930	$ 186,195	$ 4,036,735

December 31, 2020	**Loans Receivable**	**Allowance for Loan Losses**	**Net Receivable**
Loans	$ 4,370,269	$ 107,776	$ 4,262,493
Micro Loans	7,666	2,878	4,788
	4,377,935	110,654	4,267,281
Less, current portion	884,102	-	884,102
Loans receivable, net of current portion	$ 3,493,833	$ 110,654	$ 3,383,179

Net loans and micro loans receivable consist of the following:

	2021	2020
Balance - allowance for loan losses, beginning of year	$ 110,654	$ 115,122
Loan loss expense	77,000	70,000
Write-offs	(1,459)	(74,468)
Recoveries	-	-
Balance - allowance for loan losses, end of year	$ 186,195	$ 110,654

NOTE 6 – PLEDGE RECEIVABLE

Pledge receivable at December 31, 2021 amounted to $358,823, net of a present value discount, and consist of an outstanding pledge from a corporation as follows:

Pledge Receivable	Without donor restriction
Less than a year	$ 25,000
One to five years	125,000
More than five years	325,000
Less: present value discount (3%)	(116,177)
Pledge receivable, net	$ 358,823

No allowance was deemed necessary as of December 31, 2021 for pledges receivable, as they were deemed fully collectible by management.

NOTE 7 – NOTES PAYABLE
Notes payable consists of loans obtained under the SSBCI Loan Support Program between the Foundation and Enterprise Florida, Inc. (“EFI”). The terms allow EFI to purchase a participation in a loan being offered by the Foundation to a borrower. The amount of EFI’s participation shall not exceed 50%, or $75,000 for each loan. Loans are secured loans for a maximum of $150,000 given to minority-owned small businesses for 3 and 5 year terms at 6% interest and collateralized by corporate assets. During the years ended December 31, 2021 and 2020, the amounts owed were $360,777 and $645,582 respectively.

Notes payable also consists of a loan between the Foundation and Florida First Capital Finance Corp. (“FFCFC”). The terms allow FFCFC to purchase a participation in a loan being offered by the Foundation to a borrower. The amount of the FFCFC’s participation shall not exceed $75,000 for each loan. Loans are secured loans for a maximum of $75,000 given to minority-owned small businesses for a maximum of 5 year terms at 6% interest and collateralized by corporate assets. During the years ended December 31, 2021 and 2020, the amounts owed were $633,746 and $73,925 respectively.

Future maturities of notes payable for the next five years and thereafter are as follows:

December 31,	Amount
2022	$ 717,927
2023	851,448
2024	820,376
2025	669,369
2026	327,160
Thereafter	115,745
	$ 3,502,025

NOTE 8 – PAYCHECK PROTECTION PROGRAM (“PPP”)
On April 16, 2020, the Foundation borrowed $64,500 from a financial institution under the Paycheck Protection Program. The unpaid balance of the loan shall bear interest at 1%. In accordance with the CARES Act, the unpaid loan balance and accrued interest may be forgiven if the proceeds were used for qualifying expenses. Monthly payments of principal and interest were deferred through the date the School submitted their forgiveness application. During the year ended December 31, 2021, the Foundation submitted their forgiveness application and received notification of approval for the forgiveness in the full amount of the loan proceeds plus accrued interest. Accordingly, a gain on loan forgiveness of $64,500 is reflected in the accompanying statement of activities for the year ended December 31, 2021.

NOTE 9 – FUNCTIONAL ALLOCATION OF EXPENSES
The financial statements report certain categories of expenses that are attributable to one or more program or supporting functions of the Foundation. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Depreciation is allocated based on square footage. Costs of other categories were allocated on estimates of time and effort.

NOTE 10 – ECONOMIC DEPENDENCE

The Foundation provides a substantial portion of its services with funds contributed from one source. A significant reduction in the level of this funding, if this were to occur, may have an effect on the Foundation's programs and activities. Contributions received from one entity represented approximately 20% and 20% of the Foundation's total support and revenue for the years ended December 31, 2021 and 2020, respectively.

NOTE 11 – LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The following reflects the Foundation's financial assets as of December 31, 2021 and 2020 that are available for general use within one year of that date to meet cash for general expenditures.

	2021	2020
Financial assets:	$ 4,476,243	$ 3,558,741
Less those unavailable for general expenditure within one year due to:		
Donor imposed time or purpose restrictions	458,525	174,710
Financial assets available to meet cash needs for general expenditures within one year	$ 4,017,718	$ 3,384,031

The Foundation has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations become due.

NOTE 12 – MINORITY PARTICIPATION AGREEMENT

On September 2014, the City of Miami (the "City") and Bayside Marketplace, LLC (the "Developer") amended the Minority Participation Agreement which set forth the Developer's obligations with regard to minority participation in connection with the development of Bayside Marketplace. The term of the Minority Participation Agreement as amended, expires on November 30, 2060. The Developer agrees to pay the Foundation a contribution in the amount of $350,000 annually each year during the term of the agreement. The contribution shall increase each year by 2%. If the Foundation ceases to be a 501 (c)(3) tax exempt organization, the contributions shall be placed in an interest bearing escrow account and paid to the Foundation at such time as the Foundation shall satisfactorily prove to the Developer that it has qualified as a 501(c)(3) tax exempt organization, or, at the written request of the City, be paid to another not for profit organization qualified as a 501(c)(3) tax exempt organization.

NOTE 13 – AWARDS TO OTHERS

The Foundation has committed to support programs based in the City of Miami. As of December 31, 2021, the commitments are as following:

Year Ending December 31,	
2022	30,000
Total	$ 30,000

NOTE 14 – COVID-19

The World Health Organization ("WHO") declared the coronavirus (COVID-19), a global pandemic and public health emergency. At this point, the Foundation cannot reasonably estimate the extent to which this disruption may continue to impact the Foundation's financial statements and future results of operations.

SUPPLEMENTARY INFORMATION

MIAMI BAYSIDE FOUNDATION, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND
STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED DECEMBER 31, 2021

Federal or State Agency/ Program or Project Title/ Pass Through Agency	*State CSFA Number*		*Contract Number*	*Expenditure*
Expenditures of Federal Awards:				
U.S. Department of the Treasury				
CDFI Rapid Response Program	21.024		21RRP057443	$ 338,000
	Total Expenditures of Federal Awards			$ 338,000
State Financial Assistance:				
Florida Department of Economic Opportunity				
Direct - Economic Development Loan Programs	40.041		D0138 & D0198	$ 208,403
Direct - Economic Development Loan Programs	40.041	*	D0138 & D0198	1,087,278
	Total State Financial Assistance			$ 1,295,681
Total of Expenditures of Federal Awards and State Financial Assistance				$ 1,633,681

* Loan Program

See the accompanying notes to the schedule of state financial assistance.

NOTE A – BASIS OF PRESENTATION

The Schedule of State Financial Assistance (the "Schedule") represents all of the State awards to the Foundation during the year ended December 31, 2021.

The information in the Schedule is presented in accordance with the requirements of the Department of Financial Services Rules, Chapter 69I-5, Florida Administrative Code, *State Financial Assistance*. Because the Schedule presents only a selected portion of the operation of the Foundation, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Foundation.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(1) Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Chapter 10.650, Rules of the Auditor General, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

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50th ANNIVERSARY

Manny Alvarez, C.P.A.
Monique Bustamante, C.P.A.
Pedro M. De Armas, C.P.A.
Alejandro M. Trujillo, C.P.A.
Javier Verdeja, C.P.A.
Octavio A. Verdeja, C.P.A.
Tab Verdeja, C.P.A.
Armando Aburto, C.P.A.
Jorge Albeirus, C.P.A.
Lisset I. Cascudo, C.P.A.
Claudia Estrada, C.P.A.
Cristy C. Rubio, C.P.A.
Pedro L. Silva, C.P.A.

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Board of Directors
Miami Bayside Foundation, Inc.
Miami, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Miami Bayside Foundation, Inc. (the "Foundation") (a nonprofit organization), which comprise the statement of financial position as of December 31, 2021, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated February 9, 2022.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Foundation's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Foundation's internal control. Accordingly, we do not express an opinion on the effectiveness of the Foundation's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements, on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

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Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Foundation's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Verdeja, De Armas, & Trujillo LLP

CERTIFIED PUBLIC ACCOUNTANTS

Coral Gables, Florida
February 9, 2022

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR STATE PROJECT AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY CHAPTER 10.650, *RULES OF THE AUDITOR GENERAL*

Board of Directors
Miami Bayside Foundation, Inc.
Miami, Florida

Report on Compliance for Each Major State Project

Opinion on Each Major State Project

We have audited Miami Bayside Foundation, Inc.'s (the "Foundation") compliance with the types of compliance requirements identified as subject to audit in the *Department of Financial Services'* State Projects Compliance Supplement that could have a direct and material effect on each of the Foundation's major state projects for the year ended December 31, 2021. The Foundation's major state projects are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Foundation complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state projects for the year ended December 31, 2021.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States; and the audit requirements of Chapter 10.650, Rules of the Auditor General. Our responsibilities under those standards and the Rules of the Auditor General are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Foundation and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major state project. Our audit does not provide a legal determination of the Foundation's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Foundation's state projects.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Foundation's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards* and Chapter 10.650, Rules of the Auditor General will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Foundation's compliance with the requirements of each major state project as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards* and Chapter 10.650, Rules of the Auditor General, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Foundation's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.

- Obtain an understanding of the Foundation's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Chapter 10.650, Rules of the Auditor General, but not for the purpose of expressing an opinion on the effectiveness of the Foundation's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a state project on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a state project will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a state project that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of Chapter 10.650, Rules of the Auditor General. Accordingly, this report is not suitable for any other purpose.

Verdeja, De Armas, & Trujillo LLP

CERTIFIED PUBLIC ACCOUNTANTS

Coral Gables, Florida
February 9, 2022

MIAMI BAYSIDE FOUNDATION, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS – STATE PROJECTS
FOR THE YEAR ENDED DECEMBER 31, 2021

SECTION I – SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued: *Unmodified*

Internal control over financial reporting:

- Material weakness(es) identified? ____ yes __X__ no
- Significant deficiency(ies) identified? ____ yes __X__ none reported

Noncompliance material to financial statements noted? ____ yes __X__ no

State Projects

Type of auditor's report issued on compliance for major state projects: *Unmodified*

Internal control over major state projects:

- Material weakness(es) identified? ____ yes __X__ no
- Significant deficiency(ies) identified? ____ yes __X__ none reported

Any audit findings disclosed that are required to be reported in accordance with Chapter 10.650 "*Rules of the Auditor General*?" ____ yes __X__ no

Identification of major state projects:

Name of State Project	CSFA Number	Expenditures
Economic Development Loan Programs	40.041	$1,295,681

Dollar threshold used to distinguish between type A and type B projects $388,704

Auditee qualified as low-risk auditee? N/A

SECTION II – FINANCIAL STATEMENT FINDINGS

The audit disclosed no matters that are reportable for the current year.

SECTION III – FINDINGS AND QUESTIONED COSTS - STATE FINANCIAL ASSISTANCE PROJECTS

The audit disclosed no matters that are reportable for the current year.

SECTION IV – OTHER ISSUES

1. No management letter was issued for the year ended December 31, 2021.

2. A Summary Schedule of Prior Audit Findings is not required because there were no prior audit findings related to state projects.

3. A Corrective Action Plan is not required because there were no findings required to be reported under the *Department of Financial Services'* State Project Compliance Supplement.